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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D. C.

In the Matter of	)	
	)	CC Docket No. 94-120
AT&T Communications	)	
Tariff F.C.C. Nos. 9 and 11	)	Transmittal No. 6788

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COMMENTS ON AT&T DIRECT CASE

BellSouth Telecommunications, Inc. ("BellSouth") hereby comments on the Direct Case of AT&T in the above-captioned proceeding. The Bureau is investigating AT&T's Transmittal No. 6788, filed February 17, 1994, in which AT&T introduces "Feature Group A (FGA) and Feature Group B (FGB) Connections which provide the physical connection between a Local Exchange Company End Office Switch and the AT&T Central Office, for connection to AT&T Private Line Services."

Overall, BellSouth supports the filing by AT&T of tariff provisions enabling AT&T to bill end users which utilize a portion of the access provided by LECs to AT&T. This is consistent with the Commission's policy that access customers be free to share or resell access services provided to them by LECs. To the extent that AT&T wants to charge such end users and needs tariff authority to do so, then it is reasonable that such a tariff filing would be made.

BellSouth will not comment at this time on the specific charges, terms and conditions, or the extent of bundling or unbundling provided in AT&T's tariff arrangements. There

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are, however, several other matters raised in this proceeding which BellSouth addresses below.

1. Effect of LTR on Access Billing Arrangements

Prior to the LTR restructure, the switched access services consisted of feature group services billed under a minutes of use rate structure for the services provided between the POP location and the end user. The actual facilities utilized to provide the FGA or FGB services were determined by BellSouth. The customer of record for the FGA or FGB service was the customer of record for all applicable charges.[1]

With the restructure, the transport components of the feature group services were restructured into capacity-based dedicated transport services (entrance facilities and dedicated interoffice transport based upon the dedicated capacity of the service), and tandem-switched interoffice transport services. Usage-based charges now apply for tandem-switched interoffice transport services, while flat, monthly charges apply for the capacity-based dedicated transport services. With the LTR restructure, customers now may order specified dedicated transport services which are analogous to special access services (voice grade, DS1 and

[1] The customer of record for FGA and FGB service could be an end user ordering the service in its own right, the end user through an interexchange carrier or other entity ordering the service for the end user, or an interexchange carrier in its own right. The customer of record is the customer responsible for payment of all charges associated with the service.

DS3 services) and, just as is the case with special access services, the customer will have control of circuit facility assignments ("CFAs") on the service ordered.

The restructure did not require a "change" in customer of record for the service components which remained usage-based (e.g., tandem-switched interoffice transport, local switching, common line). Nor did the restructure "change" the customer of record for the dedicated capacity-based transport services: prior to the restructure, there was no customer of record for any dedicated transport service because the switched access services provided were provisioned over BellSouth-determined facilities rather than customer-ordered services.

As of the date on which the LTR tariff became effective, BellSouth converted the existing BellSouth-determined facilities to either a voice grade, DS1 or DS3 entrance facility based upon the level of interface of the facility to the POP location. Where multiple customers were involved, the entrance facility was assigned to the POP owner.[2] This was fully described in BellSouth's Local Transport Restructure Interexchange Customer Guide as well as in notices provided to all customers.

It is BellSouth's understanding that at the present time AT&T specifies the interface it requires for all

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[2] Where the switched access traffic of only a single customer was involved at a given DS1 or DS3 interface, the DS1 or DS3 entrance facility was assigned to that customer.

entrance facilities interconnecting at its POP locations. It has been BellSouth's position, as expressed in the LTR tariff proceeding, that if a POP owner such as AT&T specifies that interfaces at a DS1 level and above are required, then customers wishing to obtain BellSouth entrance facilities to that POP location can attempt to negotiate acceptance by the POP owner of a lower interface level, can order a DS1 or above entrance facility access service from BellSouth in order to meet the POP owner's requirement (and can share or resell capacity within that entrance facility to others), or can order access services to be provided to an alternative interexchange carrier. In addition, it is common practice for at least some interexchange carriers to resell spare capacity within their DS1 or DS3 dedicated transport access services purchased from BellSouth to end users and other access customers. Although the rates, charges, terms and conditions for such resale may vary from interexchange carrier to interexchange carrier, this is conceptually what AT&T is attempting to do with the tariff provisions at issue here.

2. <u>Alternative Arrangements</u>

Some customers have expressed a need for an alternative arrangement to the existing LEC tariffed shared network arrangements. BellSouth believes that a billing and collection arrangement would best meet the needs of these customers. Such an arrangement, which could be provided by a LEC, on a detariffed basis, or by any number of third party billing entities available in the marketplace, could easily resolve the difficulties such customers may perceive existing arrangements to present. For instance, a third party billing and collection agent, in addition to providing fundamental billing and collection services, could easily receive, manage, and process information provided by the multiple sharing entities while the same time assuring protection from disclosure of confidential information.

Under such arrangements, there would still be a primary customer of the access service involved who would have the customer of record status with the LEC and would therefore be the customer to whom the LEC would look for payment ("host"). This host would be the customer who would determine the design and capacity of the access service ordered, the beginning and end points of the service and whether any multiplexing is involved. To the extent various payment plans were available for the service, the host would be responsible for determining which to order. In addition, this host would have CFA control of the access service provided by the LEC, would be responsible for establishing the terms, conditions and charges under which it would permit other entities to share the facility,[3] and would be

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[3] This would include matters such as credit arrangements, payment arrangements, level of charges, term of the sharing arrangements, under what conditions the sharing entity could be required to discontinue use of the service, etc.

the service provider, or reseller, of service to the other entities. The billing and collection agent would simply bill and collect the charges established by the host and could perform other administrative functions as negotiated with the primary customer, and the arrangement, if provided by the LEC, would be considered a detariffed arrangement.

Another possible arrangement for consideration would be one in which the LEC would provide voice grade access services to its customers not based upon the facilities actually utilized, but based upon the voice grade capacity ordered by a given customer. As to any particular voice grade service ordered by a given customer, that customer would have the customer of record status with the LEC for that service and all of the traditional benefits and responsibilities which come with that. The LEC would be the facility owner and would retain the discretion whether to provision the particular voice grade access service ordered over higher capacity facilities. Thus, if higher capacity facilities were utilized to provision the lower-level voice grade services purchased, the higher capacity facilities would be considered LEC-determined, rather than customer-ordered. The LEC would determine the facilities to be utilized, the multiplexing, if any, needed to efficiently provision the voice grade services, and the LEC would have CFA control on the higher capacity facility utilized. Such an arrangement would not constitute "split billing" in the sense which BellSouth understands the general industry to contemplate, because the customers involved would not have purchased the higher capacity facilities utilized, but would merely have purchased individual voice grade services, and the facilities utilized would be transparent to the individual voice grade customers.

Indeed, "split billing" should not be required. Under such an arrangement, the LEC would determine the rate to be charged to the other entities to whom the host is reselling the LEC's service. This would appear to be an unlawful restriction on the host's ability to resell and share the service at whatever charges it determined to be appropriate. At the same time, the LEC would not have a customer-provider relationship with the other entities because the host, not the LEC or the other entities, would determine matters such as the entrance facility to be utilized, the payment plan to be utilized (assuming the eventual availability of term payment plans), who could share the facility, the terms and conditions under which other entities could utilize the capacity and be required to get off of the service arrangement, CFA control, and other matters which the individual customer of a service normally controls. In essence, the host would have all of the benefits of a host customer in a shared network arrangement with the additional benefit that the LEC would bill, for the host, the other entities to whom the host is reselling service. The true nature of such an arrangement is a billing and collection arrangement, as was discussed earlier in these Comments, which could be performed either by the LEC, as a detariffed arrangement, or any number of third party billing agents which may be available in the marketplace.

4. Conclusion

In summary, BellSouth supports the filing by AT&T of tariff provisions enabling AT&T to bill end users which utilize a portion of the access provided by LECs to AT&T. Billing of the charges established for resale arrangements such as this could be performed by the reseller itself, or by BellSouth or any other third party agent as a billing and collection arrangement. While an alternative access arrangement, consisting of the use of LEC-determined facilities utilized to provide lower capacity customer-purchased services might be considered, "split billing" should not be required.

Respectfully submitted,

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Dated: November 10, 1994

CERTIFICATE OF SERVICE

I hereby certify that I have this 10th day of November, 1994 served all parties to this action with a copy of the foregoing COMMENTS by placing a true and correct copy of the same in the United States Mail, postage prepaid, addressed to the parties listed below.

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